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C O N F I D E N T I A L SECTION 01 OF 03 ABU DHABI 000757

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SUBJECT: UAE APPROACH TO FOREIGN ASSISTANCE

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05 ABU DHABI 4283, E) 04 ABU DHABI 4218

Classified by Charge d'Affaires Martin Quinn, reasons 1.4 (b) and (d).

¶1. (C) The following answers to ref A (para four) questions are based on Post understanding of UAE foreign aid trends and are developed without specific inquiries to the UAEG. Conclusions are therefore Post's considered judgment rather than stated UAEG goals. (Comment: Post is uncomfortable with the "G-4" construct in ref tel, as it implies a pool of like-minded donors to whom the USG might extend a collective tin cup; our judgment suggests that potential donors will act much more independently and would be less cooperative if "pooled" in this manner. End comment.)

¶2. (C) ASSISTANCE TRENDS. UAE aid is not coordinated by a central agency and is made largely by the individual emirates on behalf of the UAE. It is driven by emerging crises or either policy or humanitarian imperatives. Much assistance is dispatched by quasi-official organs, like the UAE Red Crescent Society (humanitarian aid) or the Abu Dhabi Fund for Development (development aid). The UAEG is not accustomed to advertising its aggregate contributions to specific causes. Thus, while Foreign Minister Abdullah bin Zayed Al-Nahyan (quite credibly) claimed in 2007 that the UAE has given a total of US\$70 billion in assistance over the past thirty years, few precise figures are available on overall UAEG outlays over time to back up his accounting. Nonetheless, the UAEG clearly does expend extensive funds for humanitarian and development aid -- the lion's share to regional causes, with significant outlays directed to Lebanon, the Palestinian Authority (PA), and Afghanistan.

(Note: According to one UAEG website, overall UAE bilateral contributions to humanitarian projects in Gaza and the West Bank totaled \$544 million over the past 30 years -- whereas Minister of State for Foreign Affairs Dr. Anwar Gargash announced at a conference in Vienna June 23 that the UAE has given over \$4.2 billion in various forms of assistance to the Palestinians since 1994. The various entities involved, and diverse forms of assistance, help account for the different figures. On another front, total humanitarian aid to Afghanistan during the 2001-06 time frame totaled over \$120 million according to official figures, with an additional \$250 million pledged at the June 13 Paris Conference. End note.) In some specific cases, increases over the past 3 years are apparent: for example, grants to the PA increased from US\$30 M (2006) to US\$80 M (2007) to US\$91.6 M (2008). The rise in oil prices has certainly made UAEG coffers more flush and its generosity has adjusted upwards, yet has not led to a discernible new trend in foreign assistance.

¶3. (C) UAE PRIORITIES. The UAEG primarily devotes funding to infrastructure development and humanitarian assistance in the Middle East region, with a clear preference for funding projects rather than making cash donations. (A notable exception was the \$100 million given to the U.S. in September 2005 after Hurricane Katrina, which was followed up in October 2005 with \$100 million in project-based funding after the Pakistan earthquake.) The UAE often funds health, education, and housing projects -- frequently naming the resulting schools or clinics after UAE founder Sheikh Zayed or current President Khalifa -- and to a lesser extent allocates funds through multilateral institutions, as in the \$10 million given to the UN in 2007 to address Iraqi refugee issues in Syria. The UAE assists, and increasingly invests in, less wealthy Arab and Muslim countries. Many of its donations are made in the interest of regional stability.

Much of its humanitarian aid is allocated through the quasi-governmental UAE Red Crescent Society or similar organs, suggesting that aid decisions are influenced by a sense of Muslim unity and duty toward the Muslim poor. As shown by the "Sheikh Zayed Cities" found in Egypt, Gaza, and Afghanistan, contributions are also designed to improve the reputation of the UAE's leadership. It has also contributed to disaster relief around the world, including Myanmar, China, Pakistan, and the USA. The UAE seeks to relieve suffering and (possibly more importantly) maintain political relationships through these contributions.

**14. (C) BILATERAL VS MULTILATERAL AID.** The UAE displays a preference for bilateral, project-related grants. Over the last 30 years, the UAE claims to have made \$27 billion (of its \$70 billion in total aid) available through multilateral institutions such as the IMF and World Bank. The Abu Dhabi Fund for Development (ADFD) manages financial assistance provided directly by the Government of Abu Dhabi in some cases. Over the past 35 years, ADFD has given over \$5 billion in assistance, loans, and grants. (The ADFD also makes direct investments in private sector projects, and has allocated over \$200 million in soft loans for infrastructure projects over the next 5 years.) Humanitarian aid in particular is largely given as bilateral grants. The UAE generally runs its own projects or directly contracts for their completion, but also gives direct financial assistance (examples include budget assistance to the PA and Lebanon, as well as post-Katrina funds to the U.S.). The UAE is an active participant in a number of multilateral aid-giving institutions, including the World Bank, IMF, International Development Agency (IDA), and regional bodies like the OPEC Fund for International Development, the Arab Gulf Fund for the UN (AGFUND), the Arab Bank for Economic Development in Africa (BADEA), the Abu Dhabi-based Arab Monetary Fund (AMF) and the Islamic Development Bank (IDB).

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**15. (C) SWF CONTRIBUTION TO DEVELOPMENT.** The UAE's Sovereign Wealth Funds (SWF), with the Abu Dhabi Investment Authority (ADIA) as the granddaddy among them, invest for economic gains and are generally not aid agencies. In the past, there have been some regional investments, managed by ADIA and now the Abu Dhabi Investment Council, that appear to have had an assistance motivation. In addition, UAE investment organizations invest in developing markets. In fact, were the USG to push for SWFs to serve as aid agencies, this could risk undercutting our position that SWF investments should be made solely on economic/commercial grounds (rather than to advance geopolitical goals). The UAE leadership has made some effort to press corporate interests to fulfill their "corporate responsibility" in assisting the underprivileged, as was the case when the Ruler of Dubai (and UAE VP and PM) Mohammed bin Rashid launched his late 2007 appeal for "Dubai Cares." Dubai cares focuses largely on regional primary and secondary education assistance. The effort raised \$930 million for educational initiatives globally; after a very successful campaign which raised about \$465 million, the Ruler essentially matched the funds with a final donation of his own. This contribution of personal wealth, however, is distinct from SWF allocations.

**16. (C) NON-TRADITIONAL AID.** The UAE reportedly has provided oil subsidies in the past to countries such as Jordan, but this does not appear to be a primary means of assistance. (On May 25, the UAE announced \$300 million in assistance to Morocco to help with energy costs, but the form of this aid was unclear.) A long-standing dialogue with the U.S. on potential debt forgiveness for Iraq (on an outstanding balance of \$3.5 billion dollars) is so far inconclusive. While the UAE is not requiring Iraqi repayment, and is open to further discussions as the Iraqi Government proves its credentials as a steward of Iraqi resources, the UAE has not shown that it wishes to use debt relief as a primary assistance tool -- a decision somewhat reflective of Abu Dhabi's preference for projects it can control rather than funding it loses control over. The \$10 billion pledged by VP/PM and Dubai Ruler Mohammed bin Rashid for the Mohammed bin Rashid Foundation aims to be managed like the Harvard endowment -- dispersing a certain amount (100s of millions) per year yet self-renewing through investment. The MbR Foundation is focusing its efforts on supporting regional education, entrepreneurship, and culture throughout the Middle East, Africa and south Asia via a

series of its own programs (e.g. scholarship funds) and partnerships with other NGOs and educational institutions in the those regions, Europe, and North America.

**¶7. (C) FORMS OF HUMANITARIAN AID.** The UAEG dedicates several hundred million dollars to humanitarian assistance every year, with the largest grants given by the UAEG directly and significant humanitarian aid administered by the UAE Red Crescent Society. (The Red Crescent reportedly spent \$68 million outside the UAE in 2006 and a total of \$730 million from 1999 to 2006.) The Red Crescent administers some of its own programs and often partners with local institutions in aid delivery. Humanitarian assistance generally takes the form of food, medicine, housing, and other basic provisions for victims of war (Palestinian Authority, Lebanon, Iraq, Afghanistan, Sri Lanka, Kosovo, Bosnia-Herzegovina), famine (Yemen, Sudan, Somalia, Egypt), or natural disasters (U.S., Pakistan, Myanmar, China, Iran, Indonesia). The Red Crescent has provided medical services in kind for Iraqi war victims -- including a recent case of a young female burn victim brought to the UAE's attention by the USG. The Red Crescent provided medical care and travel expenses for the patient and her family. The Red Crescent reports that its aid to Iraq totals over \$42 million since November 2002. The Red Crescent is headed by an Abu Dhabi ruling family member, Deputy Prime Minister Sheikh Hamdan bin Zayed, and most private charities (with a few notable exceptions) are required by law to route their funds through the Red Crescent. Aside from its work in most of the Arab world, the UAE Red Crescent is active in Niger, Mali, Ethiopia, Eritrea, Djibouti, Chad, Sierra Leone, Kenya, Mauritius, the Comoro Islands, Burkina Faso and Cameroon as well as India, Pakistan, Bangladesh, the Maldives, Tajikistan and the Philippines.

**¶8. (C) DEMAND OF ACCOUNTABILITY.** The UAEG preference for project-based assistance is partially due to its desire for accountability of expenditures, in addition to control over projects and the public relations value of building infrastructure to which it can attach its name. That said, the UAE makes extensive donations to Muslim causes with little attempt to account for -- or take credit for -- the largesse. It has made no demands for accounting from the U.S. for a \$100 million cash donation after Katrina.

**¶9. (C) FULFILLING PLEDGES.** Post's best assessment is that the UAEG generally follows through on pledges it makes in the international donor arena, although project delays, recipient country red tape, and other causes may often delay disbursements. Based on available data, the majority of pledged funds were disbursed. Humanitarian aid channeled through the Red Crescent, development funds managed by ADFD, and security assistance to Lebanon (including a long-standing de-mining program in southern Lebanon) are often above and beyond what the UAEG has actually pledged. Cash pledges made in donor conferences are, to our knowledge, largely followed up with disbursements.

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**¶10. (C) REGIONAL COORDINATION OF AID.** Inasmuch as a large percentage of regional aid stems from donor conferences and multilateral deliberations, there is clearly an element of international coordination among the Gulf States. Nonetheless, the UAEG often notes (with some obvious irony) that the GCC does not coordinate well and that others do not always follow up on their stated commitments. Coordination at the 2007 Arab Summit in Riyadh, for example, led to several Arab League countries pledging financial support to the PA. It is uncertain how carefully the Arab League or other regional institutions might have followed up on commitments made. The Gulf states also coordinate -- with varying degrees of granularity -- through multilateral institutions such as the OPEC Fund for International Development, the Arab Gulf Fund for the UN (AGFUND), the Arab Bank for Economic Development in Africa (BADEA), the Abu Dhabi-based Arab Monetary Fund (AMF) and the Islamic Development Bank (IDB). In the end, however, most UAE assistance decisions are driven by UAE priorities.

**¶11. (C) DESIRE FOR DAC COORDINATION?** The UAE seeks to balance its political relationships with a broad range of partners and its decisions on aid can be influenced to some degree by various multilateral fora or the knowledge of amounts of assistance other

states are extending. Although the UAE may participate in discussions that might give it a clearer sense of the aid priorities of other states, the UAE will likely pull out its checkbook when projects or causes suit its purposes -- generally in a bilateral context -- and not according to other actors' priorities established in a broader dialogue.

¶112. (C) ADDITIONAL COORDINATION REDUNDANT? The UAE already coordinates many aid decisions closely with the United States, often under a sense of pressure from Washington to contribute to certain causes. If asked about closer coordination, the UAE may well assert that priorities are already shared in frequent high level exchanges and additional dialogue could be deemed redundant. Similarly, the institutionalization of closer UAE coordination with other GCC states is not likely in the near term. (Comment: U.S. requests for UAEG donations run the full range of issues in the Middle East and beyond.

Emerging crises and long-standing issues rise and fall on the priority scheme depending on various factors. An attempt to consolidate that range of factors into a "strategic" approach to aid would be hard pressed to accommodate the constant flux in our mutual priorities. End comment.)

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